

MONDAY, AUGUST 4, 2014

The Pender County Board of Commissioners met in regular session on Monday, August 4, 2014 at the Public Assembly Room, 805 S. Walker St., Burgaw, NC 28425.

MEMBERS PRESENT: Chairman David Williams, presiding; Vice Chairman Fred McCoy; and Commissioners George Brown, Jimmy Tate and Chester Ward.

MEMBERS ABSENT: None.

OTHERS PRESENT: Bob Murphy, Interim County Manager/Clerk to the Board; Trey Thurman, County Attorney; Mike Taylor, Deputy Clerk to the Board; other staff and members of the Press and public.

CALL TO ORDER

Chairman Williams called the meeting to order at 4:04 p.m. and thanked and welcomed all.

INVOCATION

Commissioner Brown offered the Invocation.

PLEDGE OF ALLEGIANCE

Commissioner Ward led the Pledge of Allegiance

RECOGNITION

Mr. Williams recognized Interim County Manager Bob Murphy, Interim Finance Officer Mike Apple and Consultant Rick Benton (former County Manager), and expressed his appreciation for the duties they are performing for the County.

PUBLIC INFORMATION

Human Resources Director Denise Mulhollen said this is the fourth annual issuance of the awards for Outstanding Citizen/Volunteer of the Year and Outstanding Employee of the Year.

1. Recognition of the Pender County Outstanding Citizen/Volunteer of the Year.

Ms. Mulhollen said nominations were accepted from the public from February 21 through March 28, 2014 for the Citizen/Volunteer of the Year Award. Ms. Mulhollen read the criteria for this award. Chairman Williams announced the winner, Kent Harrell, a local resident and local attorney. Mr. Harrell accepted the award.

2. Recognition of the Pender County Outstanding Employee of the Year.

Ms. Mulhollen read the criteria for this award. Chairman Williams announced the winner, Ava Richard, Public Health Nurse at the Pender County Health Department. Ms. Richard accepted the award.

ADDENDUM

Mr. Williams yielded the floor to Mr. Murphy. Mr. Murphy recommended an item requested by Utilities Director Michael Mack to be added to the agenda: "Resolution by the Board of Directors of the Moores Creek Water and Sewer District Authorizing Approval of the Letter of Conditions from the USDA-RD for Permanent Financing of the Moores Creek Water Distribution System." Mr. Brown

emphasized that he wants the public to understand what this additional item is about. Mr. Brown made a motion to add the resolution, Mr. McCoy seconded the motion and it was unanimously approved.

Mr. Murphy commented a correction needs to be made to Item #15, to add a Schedule of Fees. Mr. McCoy made a motion to add the Schedule of Fees, Mr. Brown seconded the motion and it was unanimously approved.

Mr. Murphy requested that Item No. 16 be moved up on the agenda, before Items 14 and 15.

PUBLIC COMMENT

No one wished to speak under Public Comment.

CONSENT AGENDA

Mr. Williams presented the eleven items on the Consent Agenda and asked for any discussion or questions. Mr. McCoy requested discussion of Item No. 11b; Mr. Mack came to the podium. Mr. McCoy asked if there is only one company that hauls tires. Mr. Mack responded staff had contacted NC DENR who confirmed that this entity does have an exclusive lock on the tire recycling/processing market. Mr. Brown asked if tire retailers charge a fee. Mr. Mack responded "yes, 2 1/2% goes to the State, and a majority of the fee is returned to the County." Mr. McCoy asked if 90% is covered by the grant and Mr. Mack responded "no, 50% is covered." He said the 90% listed was a typo, and he apologized for the typo. Mr. Williams asked if the Board wants to pull this item until it is reviewed for corrections. Mr. McCoy made a motion to remove Item No. 11b until the next meeting. Mr. Tate seconded the motion and it was unanimously approved. Mr. Brown then made a motion to approve the Consent Agenda, Mr. Tate seconded the motion and the Consent Agenda was unanimously approved as follows, minus Item No. 11b:

3. Approval of Minutes: Regular & Closed Session July 7; Emergency & Closed Session July 9; Emergency & Closed Session July 14, 2014.
4. Resolution Authorizing Approval of Tax Releases and Refunds to the Individuals Listed Herein.
5. Resolution Accepting Petition to Add Kenneth Lee Dr. and Brenda Lee Dr. in Windgate Subdivision, Hampstead, to the State Maintained System, and Authorizing the County Manager to Submit the Petition to N.C. Department of Transportation.
6. Resolution Authorizing Issuance of Purchase Order to Correctional Behavioral Health for Jail Inmate Health Services: \$14,500.
7. Resolution Authorizing Purchase Order to Luna Ads for an Ad in the NC Division of Tourism's 2015 NC Travel Guide: \$7,500.
8. Revised Resolution Authorizing Approval of Moving Surf City Pyrotechnic Display from July 3, 2014 to August 29, 2014, in Accordance with North Carolina General Statute 14-413. (Due to Tropical Storm Arthur).
9. Resolution Authorizing FY 14-15 Budget Amendment to Accept Emergency Management Performance Grant Funds: \$14,691,73.
10. Resolution Authorizing Approval of Purchase Order to CDW-G for Scanners: \$18,734.63.
- 11a. Resolution Authorizing Approval of Annual Execution of Leases for the Solid Waste Convenience Sites that are Not Owned by the County: \$10,500.
- 11b. Resolution Approving a One-Year Purchase Order to Central Carolina Tire for Tire Hauling and Disposal for FY 2014/15: \$75,000.
- 11c. Resolution Authorizing a Purchase Order to Waste Industries for Waste Disposal and Hauling Services for FY 14/15: \$4,185,000.

ROCKY POINT/TOPSAIL WATER & SEWER DISTRICT CONSENT AGENDA

The Board convened as the Rocky Point/Topsail Water & Sewer District Board at 4:25 p.m. Mr. Williams presented the seven items on the Rocky Point/Topsail Water & Sewer District Consent Agenda and asked for any discussion or questions. There being none, Mr. Tate made a motion to approve the Rocky Point/Topsail Water & Sewer District Consent Agenda, Mr. Brown seconded the motion and it was unanimously approved as follows:

- 12a. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to Environmental Chemists (Envirochem) for Testing and Sampling of the District's Water & Sewer Systems: \$25,000.
- 12b. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing a Purchase Order to Utility Service Company, Inc. for the Annual Maintenance of the Three Elevated Water Tanks and One Ground Storage Tank within the District: \$49,500.
- 12c. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to HD Waterworks for Water Installation and Repair Supplies: \$80,000.
- 12d. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to Amerochem Corporation for Water Treatment Plant Chemicals: \$80,000.
- 12e. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to Brenntag Mid-South for Water Treatment Plant Chemical: \$100,000.
- 12f. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to Calgon Carbon Corporation for Two New Vessels of Granular Activated Carbon (GAC) at the Water Treatment Plant: \$112,000.
- 12g. Resolution by the Board of Directors of the Rocky Point/Topsail Water & Sewer District Authorizing an Annual Estimated Purchase Order to T & D Quality Utilities, Inc. for Water and Sewer System Installations and Repair: \$170,000.

MAPLE HILL WATER & SEWER DISTRICT CONSENT AGENDA

The Board convened as the Maple Hill Water & Sewer District Board at 4:27 p.m. Mr. Williams presented the two items on the Maple Hill Water & Sewer District Consent Agenda and asked for any discussion or questions. There being none, Mr. Ward made a motion to approve the Maple Hill Water & Sewer District Consent Agenda, Mr. Brown seconded the motion and it was unanimously approved as follows:

- 13a. Resolution by the Board of Directors of the Maple Hill Water & Sewer District Authorizing an Annual Estimated Purchase Order to Environmental Chemists (Envirochem) for Testing and Sampling of the District's Water & Sewer Systems: \$5,000.
- 13b. Resolution by the Board of Directors of the Maple Hill Water & Sewer District Authorizing a Purchase Order to Utility Service Company, Inc. for the Annual Maintenance of the Maple Hill Elevated Water Storage Tank: \$11,500.

MOORES CREEK WATER & SEWER DISTRICT

Resolution by the Board of Directors of the Moores Creek Water and Sewer District Authorizing Approval of the Letter of Conditions from the USDA-RD for Permanent Financing of the Moores Creek Water Distribution System.

The Board convened as the Moores Creek Water & Sewer District Board at 4:28 p.m. Mr. Mack introduced the resolution, which had earlier been approved to be added to the agenda. Mr. Mack explained: In November of 2006, voters in the Moores Creek Water and Sewer District authorized a \$45 million GO Bond Referendum to construct a water distribution system within their District; the approved 7-year referendum was set to expire in November 2013, but was successfully extended an additional three years to 2016; and as part of the approval process, USDA-RD requires the County to approve the Letter of Conditions and supporting documentation. Mr. Williams thanked Mr. Steve Smith, USDA-RD Area Specialist, for his work and for coming to the meeting tonight. Mr. Smith said he is here today to present the application to seek approval so the grant can be submitted. Mr. Brown asked if there are tap fees and Mr. Mack responded the sign-ups are doing very well. Mr. Brown commended all involved for achieving a 40% match, and said that is unheard of. Mr. Mack said we have been approved to receive a \$5,281,000 loan @ 3.25% maximum interest for a 40-year term. Mr. Brown made a motion to approve the resolution, Mr. McCoy seconded the motion and it was unanimously approved.

The Board reconvened as the Pender County Board of Commissioners at 4:36 p.m.

RESOLUTIONS

16. Resolution Authorizing Approval of the Local Transportation Policy.

Social Services Director Reta Shiver and Health & Human Services Director Carolyn Moser were present to explain the resolution and answer any questions. Ms. Moser explained this is an annual activity that DSS has to develop and have approved by the Board of Commissioners; the DSS Advisory Board approved it on last Monday. Mr. Ward asked if there are any changes and Ms. Moser responded "no changes." Mr. Tate made a motion to approve the resolution, Mr. Brown seconded the motion and it was unanimously approved.

14. Introduction of Bond Order for General Obligation School Bonds; Consideration of Resolution Setting Public Hearing Date and Approving Filing of Statements of Debt and Estimated Interest.

Bond Counsel Bob Jessup explained: This is the next phase in the bond process; this is the second of three meetings the statues call for; this item introduces the Bond Order, considers a resolution formally setting the public hearing date as August 18, 2014, approves filing of statements of debt and estimated interest, and calls for the question of putting the bond forward to citizens. Mr. Williams explained: He and other Commissioners attended some of the three extra meetings held by the Board of Education; they thank the Board of Education for holding these meetings; Civic organizations have asked him to speak at their meetings to explain the bond issue; others have asked what it is really going to cost them; and staff will come up with a matrix with answers to the questions. Mr. Jessup explained: A lot of work has been done trying to estimate the tax impact; they have estimated up to 10 1/2¢ for debt service and 1.93¢ for operating expenses; everything is based on a host of assumptions; the reality is whatever numbers they come up with, the numbers will not match the assumptions; he and the School Board have had discussions on how the money will be borrowed; and they have looked at the bonds being sold in three different groups instead of the original two groups. Mr. Jessup recommended the Board hold a work session with staff, Board of Education members and Financial Advisors before the public hearing to get more details on what the assumptions are. He said time will allow a better idea to get the best estimate of the cost of the bond if passed, and what the tax impact will be. Mr. Jessup

added other county projects will also have an effect on this project. Mr. Brown said he is not just ok with the work session, he has got to have it. Mr. Murphy said August 11, 12, or 13 may be the best dates. Board Members and other comments included:

Mr. Williams-It is a good idea to hold a work session before the public hearing; how you finance impacts the total you pay.

Mr. McCoy-The public will hold the Board of Commissioners accountable for the bond; he has concerns about other issues, such as a new jail; people want to know the impact of a bond; he wants to know the impact; \$75 million is "sticker shock."

Mr. Brown-He agrees with some of Mr. McCoy's concerns; he believes this work session will help with answers; the tax impact on \$75 million is "heavy".

Mr. Tate: Delaying the bond today does not mean it will be cheaper in the future; Schools have dire needs.

Mr. Tate made a motion to approve the resolution, Mr. Brown seconded the motion and it was approved by a 4-1 vote, with Mr. McCoy voting in opposition.

15. Presentation and Resolution Accepting the FY 12-13 County Audit; Overview of the FY 13-14 Audit Process; Resolution Authorizing FY 14-15 Contracts and Purchase Orders for Audit and other Financial Services.

Mr. Murphy made opening remarks, including the addition of the Schedule of Fees. Alan Thompson of the firm Thompson, Price, Scott, Adams & Co., P.A. of Whiteville, NC presented the FY 12-13 County Audit. Mr. Thompson explained: The County is getting an unmodified opinion by the Auditors; the County financial portion of the Audit is good news-the Fund Balance is 2 ½ times higher than required than State requirement and higher than Pender County's policy requirement; the information in the Audit is materially correct; the Auditors believe when a user looks at the Audit, he/she would come to the same conclusion that it is materially correct; the issue with the Audit being late was getting the information to produce it; there were no findings of misappropriations. and the Local Government Commission (LGC) has received the Audit and accepted it. Mr. Thompson's highlights of the Audit included: The County's total net financial position increased by \$3,829,979 during the fiscal year; Unassigned Fund Balance (funds not reserved) for the General Fund was at \$11,831,521 on June 30, 2013; this puts the Unassigned Fund Balance at 22.47% of General Fund appropriations for the current year, in excess of the County's fiscal policy goal of 20%; the overall amount of funds available for appropriation represents 30.8% of current General Fund appropriations, exceeding the 27% average of Pender's peer counties; the Enterprise Fund (utility funds) increased from \$24,461,469 to \$29,210,433 from the prior year, an increase of \$4,748,964 representing a \$19.4% increase; the County has maintained its credit rating by Standard and Poors of AA- and its credit rating from Moody's Investors of Aa2; the North Carolina Municipal Council upgraded the County's rating from 82 to 83, which is equivalent to an A rating; and the property tax collection rate is the highest in five years, excluding motor vehicle taxes. Mr. Thompson said the audit does note some areas of concern for the Boards' consideration, particularly bank accounts were not reconciled for FY 2012-13, debt payments were not recorded in the General Ledger, and failure to accurately post other financial records and transactions during the fiscal year. Mr. Thompson reiterated that the County's financial portion is good. He said what wasn't good was the recording of transactions. Mr. Williams said the report says it is a failure of the Finance Officer to do his duty. Board Members' and other comments and questions included:

Mr. Ward-Was there fraud indications? Mr. Thompson's response-They looked and dug as deep as they could and did not find any fraud; they did their best; there was no indications the Finance Officer was putting enough effort in to commit fraud.

Mr. Tate-After hearing Mr. Thompson say this, why did he not notify the Board earlier? Mr. Thompson's response-In April, 2013, they reported the Finance Officer did not rectify accounts in time, and the only reason it was done was the previous Finance Officer came back and did it. Mr. Thompson did notify the County Manager and they thought the County Manager was notifying the appropriate management.

Mr. Williams-The letter from the LGC went to the County Manager's Office and the Chairman never received it. Other Commissioners received the letter at their home addresses.

Mr. Brown-He's glad we are moving on and he hopes the Auditors will notify the BOCC Chairman, in addition to the County Manager, if something is amiss. Mr. Williams said the other side is the Auditors followed the chain-of-command.

Mr. Tate-The report from last year noted three points of failure, which appeared again this year.

Mr. Thompson-The Audit must be completed by October 31st; his firm will report directly to the Chairman and all BOCC members; they will have the same issues in the FY 13-14 Audit; for FY 14-15, they will have a management team to make corrections.

Mr. Murphy-There has been a lot more work in this audit; the Auditor's scheduled fee is \$35,500; the same fee is proposed for next year; much more time was required to get this audit finished; the total will be \$130,000; \$37,500 will be paid to a second firm to prepare for audit; Mr. Thompson is still writing off \$35,000 of our fees; the actual amount is \$130,600.

Mr. Tate-He cannot approve this additional \$60,000 because the Auditors' costs continued, they were not authorized and they did not notify the BOCC. Mr. Thompson said he chose not to walk away from this duty.

Mr. Thurman-You can't add dollars to this resolution, as it is not identified previously. Mr. Murphy said the only change was to revise payment.

Following more discussion, Mr. Ward made a motion to approve the resolution, as it was originally stated, Mr. Tate seconded the motion and it was unanimously approved.

Discussion then ensued concerning whether to add an additional item to pay additional fees to the Auditors. Mr. Brown asked if this is truly urgent according to our policy. He said he does not believe it meets our policy and let's bring it back to the next agenda. Mr. Williams agreed with Mr. Brown. It was the consensus of the Board to postpone the decision.

APPOINTMENTS

17. Resolution Authorizing Approval of Appointment to the Pender County Parks & Recreation Board and the Pender Memorial Hospital Board.

Mr. Williams introduced the resolution. Mr. Brown made a motion to approve the following appointments: The re-appointment of Bernadette Silivanch to serve a three-year term on the Pender

Memorial Hospital Board representing District 3, with term to expire July 25, 2017; and the appointment of Gregory Goble to serve a three-year term on the Pender County Parks & Recreation Advisory Board representing District 4, with term to expire June 30, 2017. Mr. McCoy seconded the motion and it was unanimously approved.

Mr. Tate said he received a call from Hospital Administrator Ruth Glaser requesting Jimbo Robbins be appointed to the seat on the Hospital Board which Mr. Tate resigned from. Mr. Thurman explained: County policy is that an application needs to be submitted, an application is not enclosed, and in absence of not knowing if an application was submitted, the Board needs to wait to make this appointment.

Mr. Brown said on another issue, we have some citizens on boards that do not know what their actual roles and responsibilities are, he has seen this on both the Health and DSS Boards, and he thinks we need to determine if new board members should receive an orientation before we appoint to anymore boards.

18. Resolution Approving Designation of Pender County's Voting Delegate to the 2014 NCACC Annual Conference.

Mr. Williams introduced the resolution. Mr. Ward made a motion to approve the appointment of Commissioner Jimmy Tate as Pender county's Voting Delegate to the 2014 NCACC Annual Conference. Mr. Brown seconded the motion and it was unanimously approved.

ITEMS FROM THE COUNTY ATTORNEY

Mr. Thurman said Judge Cobb overturned the Board's decision on the Atkinson Family Cemetery issue. He said the issue was if the cemetery was abandoned, and that has never been defined in North Carolina Courts. Mr. Thurman asked if the Board wants to appeal. It was the consensus of Board members that they had no desire to appeal. Mr. Thurman said we need to go into Closed Session pursuant to Items No. 3, 4 and 6.

ITEMS FROM THE COUNTY MANAGER

Mr. Murphy said with respect to the NCACC Conference, a pre-conference may be of interest. Mr. Murphy said Mike Apple has joined the County as Interim Finance Officer. He said Rick Benton deserves thanks for his efforts to get the audit ready, the bond proposal ready, etc. Mr. Williams said he echoes the praises of Mr. Benton.

ITEMS FROM THE COUNTY COMMISSIONERS

Mr. Tate: He wants to echo the praises and remarks about Mr. Benton; Mr. Benton is a phenomenal man and he respects his leadership. Also, thanks to Mr. Murphy and Mr. Apple for coming in to help; and thanks to Mr. Williams for all the extra time he spends as Chairman.

Mr. McCoy: He appreciates all who have come in to help the County; he is concerned about the rumors going around; there was a TV news story of former Surf City Fire Chief's remarks about corruption; congratulations to Pender Angels Girls Softball Team who won the World Series, and the Dixie Belles are still playing.

Mr. Ward: Regarding the audit issue, no Commissioner was involved in hiding the issues from the public; he attended the NACo Conference in New Orleans and the Expo of Vendors; he learned about "Open Gov", new software that allows local governments to put financial reports on websites; he would like for Pender County to consider the product.

Mr. Brown: With respect to the girls going to World Series, he would like to have both teams come to the next meeting, whether they both win or not.

Mr. Williams: No other comments.

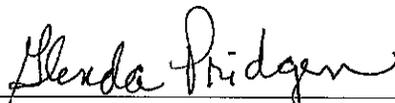
CLOSED SESSION

At 6:20 p.m., Mr. Brown made a motion to enter into Closed Session pursuant to NCGS 143-318.11: 3) to consult with an attorney employed or retained by the public body in order to preserve the attorney-client privilege between the attorney and the public body, which privilege is hereby acknowledged. General policy matters may not be discussed in a closed session and nothing herein shall be construed to permit a public body to close a meeting that otherwise would be open merely because an attorney employed or retained by the public body is a participant. The public body may consider and give instructions to an attorney concerning the handling or settlement of a claim, judicial action, mediation, arbitration, or administrative procedure. If the public body has approved or considered a settlement, other than a malpractice settlement by or on behalf of a hospital, in closed session, the terms of that settlement shall be reported to the public body and entered into its minutes as soon as possible within a reasonable time after the settlement is concluded; 4) to discuss matters relating to the location or expansion of industries or other businesses in the area served by the public body, including agreement on a tentative list of economic development incentives that may be offered by the public body in negotiations. The action approving the signing of an economic development contract or commitment, or the action authorizing the payment of economic development expenditures, shall be taken in an open session; and 6) to consider the qualifications, competence, performance, character, fitness, conditions of appointment, or conditions of initial employment of an individual public officer or employee or prospective public officer or employee; or to hear or investigate a complaint, charge, or grievance by or against an individual public officer or employee. General personnel policy matters may not be considered in a closed session. A public body may not consider the qualifications, competence, performance, character, fitness, appointment, or removal of a member of the public body or another body and may not consider or fill a vacancy among its own membership except in an open meeting. Final action making an appointment or discharge or removal by a public body having final authority for the appointment or discharge or removal shall be taken in an open meeting. Mr. Tate seconded the motion and it was unanimously approved. Mr. Ward made a motion to come out of Closed Session; Mr. Brown seconded the motion and it was unanimously approved. There were no announcements made upon exiting the Closed Session.

ADJOURNMENT

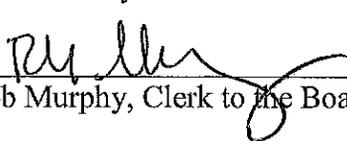
There being no further business, the meeting adjourned.

Respectfully Submitted,



Mike Taylor/Glenda Pridgen, Deputy Clerks to the Board

Reviewed By:



Bob Murphy, Clerk to the Board/Ann Coombs, Administrative Assistant